

SOUTH WHIDBEY SCHOOL DISTRICT No. 206
Island County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. Bond Proceeds Should Only Be Used For Allowable Purposes

During our audit of district expenditures, we found that the district used bond proceeds to pay for a routine maintenance item. A total of \$27,966 in bond money was used for painting the interior and exterior of Langley Middle School.

RCW 28A.530.010 states in part:

The board of directors of any school district may borrow money and issue negotiable bonds therefor for the purpose of:

- (1) Funding outstanding indebtedness of bonds theretofore issued; or
- (2) For the purchase of sites for all buildings, playgrounds, physical education and athletic facilities and structures authorized by law or necessary or proper to carry out the functions of a school district, or
- (3) For erecting all buildings authorized by law, including but not limited to those mentioned in subsection (2) of this section immediately above or necessary or proper to carry out the functions of school district, and providing the necessary furniture, apparatus, or equipment therefore; or
- (4) For improving the energy efficiency of school district buildings and/or inexhaustible energy resources; or
- (5) For major and minor structural changes and structural additions to buildings, structures, facilities and sites necessary or proper to carrying out the functions of the school district; or
- (6) For any or all of these and other capital purposes

The district believes that the scope of this painting project qualifies as a capital expenditure. However, routine maintenance is not a recognized capital expenditure.

Using bond moneys to pay for routine maintenance represents questionable financial policy and is contrary to state law.

We recommend that district officials spend bond proceeds only for purposes allowed by state law.

We also recommend that the district General Fund reimburse the Capital Projects Fund \$27,966.

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Schedule Of Federal Findings

1. The District Should Retain All Records Required To Support Federal Grant Claims

During our audit of the district's National School Lunch Program, we learned that district officials did not retain all the required documentation to support the claims for grant funding. Summary figures for lunches served were retained by the kitchen managers; however, records were not available to prove that meals claimed for grant reimbursement were served only to eligible students. This condition was present at the South Whidbey High School.

7 Codification of Federal Regulations, Section 210.15(b) states in part:

In order to participate in the Program, a school food authority shall maintain records to demonstrate compliance with program requirements. These records include but are not limited to:

(1) Documentation of participation data by school in support of the Claim for Reimbursement

Section 210.9(b)(16) says that such records shall be retained for a period of three years after the date of the final Claim for Reimbursement.

Through other audit procedures, we were able to determine that the grant claims for fiscal 1994 were reasonable. However, without the supporting documentation, district officials cannot prove that the meals claimed were eligible for reimbursement from the National School Lunch Program.

We recommend that district officials retain all program records as required by federal regulations.